

Denmark's three-party Coalition Government, 1957-1960, has been called

## The Happy Triangle

Here the former Minister without Portfolio sketches the history of its shortest side — the Justice Party, summarises the Government's remarkable achievements and throws some light on the reasons for his party's defeat in the general election last November.



By the Rt. Hon. VIGGO STARCKE, M.D.

THE Danish Justice Party—Danmarks Retsforbund—was created in 1919, immediately after the first World War. The participants came from different movements, but the main stock were Georgeists. These origins are strongly reflected in the movement's programme which blends the influence of the Danish school of philosophers (Professor C. N. Starcke, Dr. Severin Christensen, Dr. Axel Dam, Mr. Christen Lambek and Professor Eduard Geismar) with the influence of centuries of historical experience of Land-Value Taxation and Free Trade in Denmark.

The movement started as a soul without a body. It was a hard job to build it up without newspapers or money, and without representing any particular class, profession or organisation. Having proportional representation in the elections to the Danish Parliament, we had the first member elected in 1926 — in 1929 we rose to three — and in 1932 we had four members. But under the growing superstitious belief in restrictions, protectionism and planned economy then in fashion, we were slowly pressed back to three members, and when the second World War ended, we had only two members left with the prospect of losing both of them in the 1945 autumn election.

But, contrary to all predictions, we rose from two to three. In 1947 we doubled our numbers from three to six, and in 1950 we redoubled from six to twelve members.

In 1945 when for the first time I spoke on the radio before the election, I pointed to the fact that among the Danish political parties there were three which to a greater or lesser degree had Land-Value Taxation on their programme, namely the Social Democrats, the Radical Liberals and the Justice Party—and three parties which to a greater or lesser degree had Free Trade on their programme, namely the Old Liberal Venstre, the Radical Liberals and the Justice Party—and, what is important: either constellation would have a majority in the House.

I declared: "It is said that all this talk about Land-Value Taxation and a State governed by Justice is only

theory and nebulous nonsense. These objections must stop now when the Danish small-holder movement again has claimed Land-Value Taxation, Free Trade and the removal of taxes from production, consumption and buildings—and now, when the working classes through the largest political party in this country, the Social Democrats, also have insisted upon Land-Value Taxation one can be quite sure that Land-Value Taxation will come. Today it is practical policy."

Two years later, after our progress in the election of 1947 there were practical political negotiations for forming either a coalition government of the three parties in favour of L.V.T.—or a "liberal" government consisting of the Justice Party, the Old Liberal Venstre, and the (protectionist, but anti-socialist) Conservatives. As a result of the conversations we resolved not to take part in any of the governments proposed. The concessions offered by the other parties in the directions of L.V.T., abolition of restrictions, and liberation of Trade were not sufficient.

During the election campaign in 1950 the same government possibilities were discussed, and before the election in 1953 I addressed the Prime Minister, the Rt. Hon. Erik Eriksen, then in office as leader of a Liberal-Conservative coalition government, as follows: "The Social Democrats, the Radical Liberals and the Justice Party are all supporting taxation of land values. Together they make up a majority in the House. If the Old Liberal Venstre will not accept a policy of L.V.T., another formation of government will have to be taken into consideration."

During the two elections in 1953 — where the adoption of a new constitution was the dominant political question—the Justice Party was reduced from twelve to nine, and from nine to six, but in the 1957 election we went up from six to nine. Before this election I pointed to the possibility of a L.V.T. government, and after the election, when other possibilities for the formation of a govern-

ment proved unsuccessful, the Justice Party pointed to the fact that the three L.V.T. parties could form a majority government. After some negotiations the government was formed.

**D**URING the 3½ years the government functioned the economic conditions were altered so fundamentally that a Swedish economist named the government, "the happy triangle in Denmark". Denmark has never had so great a production, — it rose by more than one third. Savings rose considerably, especially in the private sector, and although consumption rose by about 25 per cent during the 3½ years, more than 2,000 million kroner were invested. Of the investments, more than 75 per cent were privately invested and the investments in industry rose 135 per cent, the building industry thrived as never before, a lot of restrictions were abolished and the financing of building was changed from state to private financing. The National Debt was reduced by 1,100 million kroner. The foreign exchange reserves rose from a deficit to a surplus, nearly 1,500 million in all. The stock-in-trade rose — inflation was checked — and unemployment disappeared.

Due to the rising production, the rising income and the rising volume of trade the tax revenue rose, but the fiscal acts were changed so that a family with the same income and the same consumption in 1960 as in 1957 had its taxes cut by 10-15 per cent.

The liberation of trade made great progress. Denmark joined the seven countries' free trade area, E.F.T.A., and most of the quantitative restrictions on imports were abolished. The remainder will be removed during the next few years. The tariffs where some were reduced, others increased, will automatically be removed within the seven countries. The Justice Party's opinion that tariffs against all countries should be removed could not win sufficient support in Parliament.

As a result of all the progress in every field of economic life, there was a growing demand for land, especially for building sites in the suburbs, resulting in enormously rising prices, often several hundred per cent. The various improvements in the laws concerning Land-Value Taxation in the cities (where the taxation of the unearned land values was more than doubled—from 1.2 per cent to 2.6 per cent) and improvements in the taxation of unearned increment in 1957 and 1960, ensure that in the years ahead — if the valuations are kept up to date — the whole economic rent of the rise of the value of land will be collected for the people—in addition to a considerable amount of the existing land value. The technical details are too many and too complicated to be dealt with in a short report, but it is no secret that although the Georgeists had expected even greater results, those obtained were sufficient to release a black smoke of fury in all the old spheres of land speculators and big money represented in the Conservative Party and the Old Liberal Venstre. These two parties and the money behind them control 80 per cent of the Danish newspapers and

they spent millions of kroner in starting an organised campaign, day after day, week after week, year after year in articles and paragraphs, cartoons and lampoons, pamphlets and posters directed against the government, particularly concentrated in heavy attacks on the new element in the government—The Justice Party. I had the honour of bearing the brunt of the attacks.

As our Parliamentary group consisting of nine members had to surrender three of its members to the Cabinet a heavy burden of work was loaded on the shoulders of the remaining six members. Of these one of our most efficient — the Hon. Knud Tholstrup — had to resign as a M.P. because he could not cope with both the Parliamentary work and his world-wide business, and also, during the first two years, three of our remaining members died — the Hon. Alfred Jorgensen, Helge Madsen and Gudrun Bjorner — and had to be replaced by their substitutes.

I am a doctor of medicine — and doctors have professional secrecy — and so I am not allowed to give a description of my health and my strength — *habeas corpus!* For many years my doctors have warned me, and a year ago they ordered: No more election campaigns!

Two months before the writs for an election were issued in the autumn of 1960, I had to inform my constituency and the electorate that I could not run for Parliament and had to withdraw from political activity. At the election in November the Justice Party lost all its members in Parliament. In spite of the fact that we had votes enough for four seats, the restrictions in the electoral law prevented us from securing representation in Parliament.

**T**HE results of our 3½ years in government have been very good for Denmark, less good for the Justice Party, but, after all, if you have to choose between what is good for your country and what is good for your party the decision ought not to be difficult.

It has been interesting to experience that by a slight pressure we could steady the helm, so that the Ship of State would glide forward in the right direction — full sails — and deeply loaded.

For the first time in this century a government met the electorate with an enormous surplus on the state budget, an enormous balance in foreign currency, beating all records in production, in savings and in investments, with great progress in liberalisation of trade and in the building industry, with great progress in Land-Value Taxation for the benefit of the people and disadvantage of the land speculation. For the first time a government met the electorate with no crises in industry, farming or trade and — what is important — with no unemployment. The result was defeat for the Georgeists. The reward was annihilation for the Justice Party. It is not just — but Justice is so important that to further it and improve it you must be willing to suffer Injustice yourself.